

CATAWBA COUNTY, NORTH CAROLINA
May 29, 2009

CATAWBA COUNTY BOARD OF COMMISSIONERS

Ladies and Gentlemen:

I hereby submit my recommended Catawba County Fiscal Year 2009/10 budget in the amount of \$248,438,495, maintaining the current property tax rate of \$0.5350 per \$100 of valuation as promised with the passage of the ¼ cent sales tax. The budget is balanced and prepared in accordance with the Local Government Budget and Fiscal Control Act.

Statewide, local governments and their citizens have been hard hit by the economic recession. In Catawba County, sales tax and state revenues have decreased, while property tax collections are running almost even with last year. At the same time, the recession has brought about an increase in service demand. The budget recognizes these impacts through conservative revenue estimates and holding the line on spending. County departments have reduced spending, deleted positions, held positions vacant, reassigned staff to areas with the highest service demands, postponed equipment replacement, used technology to maximize available resources, and limited travel. The budget proposes no new programs. No cost of living or performance pay is included for employees for Fiscal Year 2009/10. The County's operating expenses are decreased 4%.

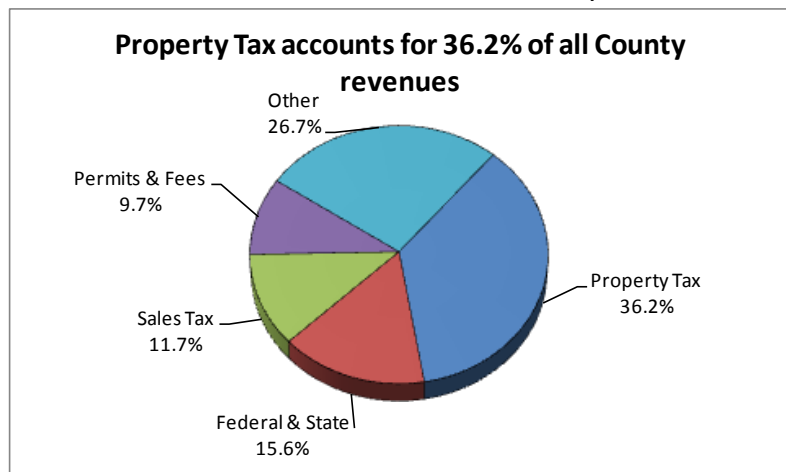
Recent Federal stimulus action makes this a good time to invest in infrastructure. Tax incentives available to banks make issuing debt to local governments more favorable, which enables us to borrow at lower rates. Continuing with planned infrastructure projects also provides a needed boost to the local economy through the creation of construction jobs. The recommended budget funds the design and beginning construction of a Newton-Conover Middle School, an expansion to Arndt Middle School, renovations to Catawba Valley Community College's East Campus and Arts Center as well as campus-wide roofing, needed water and sewer projects, expansion of the Justice Center to provide additional courtrooms and a Public Safety Center using funds as committed with the ¼ cent sales tax approved by the public. Public safety response times are maintained through one additional position in law enforcement and two in the E-911 Communications Center

REVENUE HIGHLIGHTS

The projected tax base for Fiscal Year 2009/10 is \$15.04 billion and includes real property, personal property, and vehicles. This budget maintains the property tax rate of \$0.5350 per \$100 of valuation, which is the 6th lowest tax rate of the 23 urban counties -- those with a population over 100,000 -- and the 29th lowest of all 100 counties in North Carolina. Along with fees for services and the recently approved ¼ cent sales tax, the property tax remains the only

substantial source of revenue the North Carolina General Assembly allows the Board of Commissioners to control in order to provide services.

The budget projects an overall decrease of 0.29% in property tax revenue for Fiscal Year 2009/10. Although the County has experienced a 34% reduction in public utility values, real property and business personal property are projected to grow by a combined 2.77%, largely as a result of economic development projects that have added to the property tax base, such as:

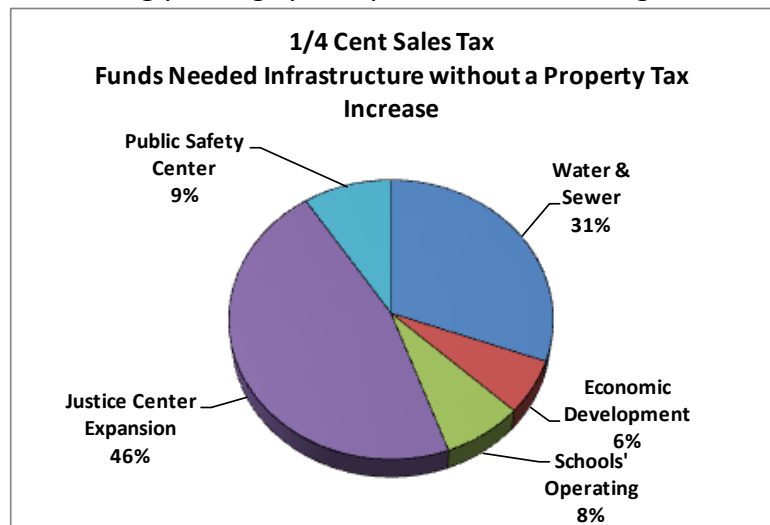


- Target Distribution Center – \$52 million real property and \$46 million in business personal property added in Fiscal Year 2009/10. This is in addition to \$4 million added in real property during Fiscal Year 2008/09.
- Covation – \$3 million in real property in Fiscal Year 2009/10 and another \$2 million in real property is planned for Fiscal Year 2010/11.
- Technibilt - \$4.7 million business personal property in Fiscal Year 2009/10.
- Poppelmann - \$815,500 in real property and \$9.47 million in business personal property in Fiscal Year 2009/10 and another \$1 million in real property is planned in Fiscal Year 2010/11.
- Fiberline - \$1.72 million in business personal property in Fiscal Year 2009/10.
- Convergys - \$800,000 in business personal property in Fiscal year 2009/10.
- Von Drehle - \$3.5 million in business personal property in Fiscal Year 2009/10.

Statewide, sales tax numbers have declined ,reflecting a reduction in retail sales. According to the North Carolina Association of County Commissioners, “State economists project recession-like conditions throughout 2009, with only sluggish economic recovery expected in early 2010.” Through March, Catawba County’s sales tax revenue was 6.3% below last year’s collections, and we project to end the year down as much as 10%. The recommended budget is even more conservative.

Effective July 1, 2009, North Carolina joins all other states in assuming full responsibility for Medicaid. Medicaid Relief did not come without a price, though. The State over three fiscal years is taking ½ cent of sales tax previously designated to local governments. Additionally, counties are required to hold municipalities harmless for lost sales tax receipts associated with the ½ cent since municipalities don’t share in the cost of Medicaid. In addition to economy related sales tax reductions, the budget reflects a \$4.1 million decrease in sales tax revenue taken by the State. This loss is offset by a \$4.195 million expense reduction for Medicaid costs.

Thanks to Catawba County voters overwhelmingly voting “yes” by a three to one margin for the ¼ cent sales tax, Catawba County became one of six counties that approved the measure, allowing us to avoid a 3.6 cent property tax increase for necessary capital projects. Despite the recession and reductions seen in other sales tax revenues, proceeds from the ¼ cent sales tax remain strong. The roughly \$4.75 million in revenue is being used as promised to the public to fund economic development, water and sewer service, public school operations, needed additions at the Justice Center to provide more courtroom space, and a Public Safety Center that will include the 911 Center, Emergency Operations Center, and EMS space.



Conservative Budgeting Maintains Service Levels While Revenues Decline

In order to mitigate lost sales tax revenue in Fiscal Year 2008/09, the County cut department funding by 2%, or \$1 million. Public schools and CVCC were not asked to revert any County funds since they had already been forced to revert significant money to the State. Targeted cuts affected 26 positions, capital and equipment purchases, travel and training.

In order to mitigate lost sales tax revenue in Fiscal Year 2008/09, the County cut department funding by \$1 million.

While many local governments have had to make more drastic cuts to services and education as a result of declining revenues, Catawba County has been able to withstand some loss due to our conservative budgeting practices. Annually, we conservatively budget estimated revenues by not including the full amount of growth we anticipate. In effect, we reduce spending on the front end. This practice has worked well, particularly in a declining economy when projecting revenues is especially difficult.

Catawba County has also been very conservative in other areas which benefit us in an economic downturn. The County has only issued 10% of its debt capacity, and has the 6th lowest per capita debt of urban counties. Debt is

issued at fixed rather than variable rates and is strategically issued at times that take advantage of the lowest rates possible. Recently, the County saved over \$921,000 by timing the issuance

Catawba County strategically issues debt to take advantage of the lowest rates possible. As a result, the County has the 6th lowest debt per capacity and has only borrowed 10% of its capacity. Debt issued in May 2009 at 3.72% will save taxpayers \$921,000 over the next 15 years.

of debt for previously approved school construction projects with the enactment of the American Recovery and Reinvestment Tax Act of 2009 that afforded the County a less expensive method of financing. This new Federal law increased the bank-qualified debt limit from \$10 million to \$30 million in 2009 and 2010, which gave the County a less expensive method of financing with a lower interest rate.

The County is also conservative by restricting the use of funds appropriated for capital and personnel expenses. Unspent funds in these areas fall to fund balance at year-end, instead of being spent. Catawba County strives to maintain a reasonable level of fund balance to ensure it is able to meet cash flow needs and have a limited amount of money to address unforeseen issues. Currently, fund balance is 16.6%, which covers two months of operations and is slightly above the Board of Commissioners' goal of 16%, available to insure critical services can continue.

County Departments and CVCC Experience Increased Service Demands

As the economy has worsened, demand has increased for many County services, while revenue available to support them has decreased. Human services, public safety, libraries, and parks are all experiencing greater service demands by Catawba County citizens. Services related to monetary, food, and health assistance services continue to realize some of the most dramatic increases and have the clearest ties to the recession. Compared to this time last year:

As the economy has worsened, demand has increased for many County services, while revenue available to support them has decreased.

- Crisis assistance applications have increased 31%.
- Family Medicaid applications have increased 19%.
- Food Assistance applications have increased 25%.
- WIC vouchers have increased 5%.
- Child Health Medicaid clients have increased 100%.
- Dental Health Medicaid clients have increased 18%.
- Home Health nursing visits have increased 20%.
- Adult Protective Services reports have increased 93%.
- The number of children entering Foster Care has increased 13%.

Public Safety agencies are also seeing the apparent effects of the economy in their numbers:

- Medical First Response calls have increased 18%.
- Fire investigations have increased 10%.
- Law enforcement incident reports have increased by 64%.
- Community watch requests, domestic violence calls, and suicide attempts have also increased.

During this economic recession, people are increasingly turning to CVCC and the Hickory Metro Higher Education Center to become retrained for new jobs. Enrollment increased in CVCC's

Continuing Education Center by 18% and at the Higher Education Center by 26% and will continue to grow as more people find themselves retraining in order to find employment. Graduation rates have increased 5% among GED recipients and 33% in Higher Education.

Finally, people appear to be increasingly turning to County services requiring little or no out-of-pocket costs to entertain their families and obtain needed information. Total circulation at County libraries has increased 2% and computer usage has increased 28%. For some citizens, the public libraries remain their only means of computer access, which is often critical for children completing homework and adults seeking employment. The libraries also offer a variety of free programming such as children's story time, visiting authors, computer classes, and other services. Park use has increased approximately 20%, the largest one-year jump in attendance since their opening.

State Funding Reductions and Seizures

Despite growing service demands, public schools, the community college, and County departments have experienced state funding cuts during Fiscal Year 2008/09, with indications of additional cuts in Fiscal Year 2009/10.

The State has cut a total of \$6.5 million in funding to schools and County departments.

- Combined, our three public school systems have sustained just under \$1 million in reductions: Catawba County Schools \$695,017, Hickory Public Schools \$186,481, and Newton-Conover City Schools \$112,140.
- CVCC has reverted \$849,067 and has been placed on a cash management status which will likely result in a loss of over \$2 million by the end of the fiscal year.
- The Governor seized the scheduled distribution of average daily membership (ADM) (\$98,690) and lottery funds (\$547,889). These funds are used for school capital and construction projects.
- The Governor seized a \$2.6 million grant awarded through the Clean Water Management Trust Fund for the planned Mountain Creek Park in Southeast Catawba County. We are hopeful that this funding will be reinstated in Fiscal Year 2009/10.
- Social Services has sustained \$95,000 in reductions, including \$70,000 to Smart Start and \$25,000 to the Child Advocacy Center.
- Public Health has incurred just under \$100,000 in reductions, including \$70,000 to Medicaid, \$18,500 in bioterrorism funds, and \$18,732 in Smart Start funding.
- State aid to libraries was reduced \$17,310.

Legislative Agenda

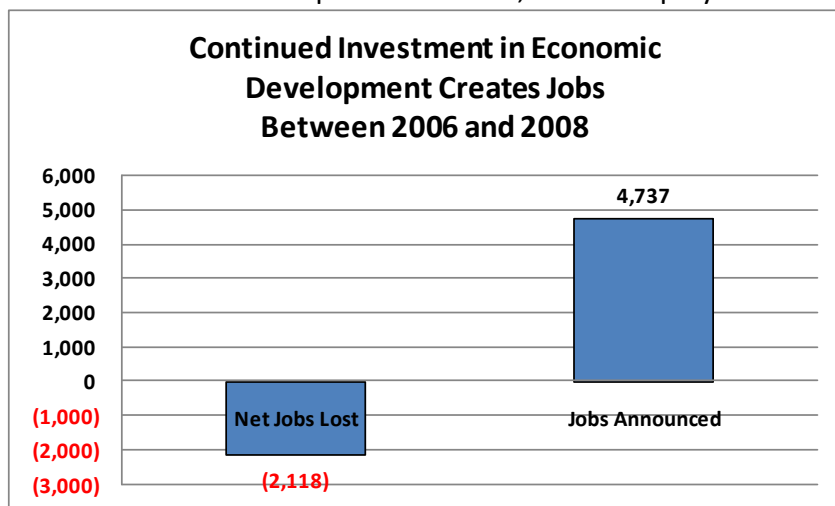
Moving forward to Fiscal Year 2009/10 there is still a lot of uncertainty at the state level. Catawba County remains active in pursuing its legislative agenda and vigilant in following legislative actions that could have both positive and negative impacts on local government budgets. The Board of Commissioners' main legislative priority remains an increase in the Homestead Exclusion income limit. This change would raise the income eligibility level for the elderly and/or disabled homestead property tax exclusion from \$25,600 to \$35,000. The change

will provide much-needed property tax relief for the senior citizens of Catawba County, especially during these difficult economic times.

We continue to monitor State government actions to see if it will try to pass its fiscal problems to local governments. For example, a bill was introduced that would transfer secondary road responsibilities to counties which would cost the County upwards of \$5.8 million or a 4cent increase on the property tax. Catawba County opposes the State passing its responsibilities to county governments.

Our local economy

The latest unemployment numbers rank the Hickory-Morganton-Lenoir Metropolitan Statistical Area (MSA) the highest in the state at 15.7%. Over the past 12 months, the unemployment rate in the MSA has risen 9.3 percentage points. It is estimated that 27,369 persons in the region's labor force are actively seeking work. While Catawba County's unemployment rate is slightly lower at 15%, it has lost the most jobs between the second quarter of 2007 and 2008 with 3,328 job losses. Although job losses occurred in most sectors, manufacturing with 1,827 jobs lost, administrative and waste services with 897 jobs lost, and construction with 202 jobs lost were particularly hard hit. Some sectors experienced increases, such as health care and social assistance with 405 workers and education with 140 workers.



Investments in our local economy pay dividends

The County's investment in funding 51.5% of the Economic Development Corporation (EDC) continues to benefit our local economy. The EDC was actively involved in many significant projects during the past several years. Between 2006 and 2008, 4,737 new jobs were created or announced, and will be filled over the next five years, which should mitigate the jobs lost. New investment generated by economic development projects during this same time totals \$766.3 million. Economic development projects were approved by the Board of Commissioners for Poppelmann in the first half of the fiscal year, resulting in a planned \$5 million expansion of this company. Alone, Williams Sonoma's plans for a potential \$22.5 million expansion to its national home furnishings company could create up to 820 jobs in the next five years. In addition, Target has

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invested \$56 million in real property and \$46 million in personal property with plans to create up to 500 jobs over the next five years. Other planned investment and job creation in 2008 included a \$4 million call center by Convergys creating 446 jobs, a \$6.2 million call center by Covation creating 913 jobs, a \$4.5 million expansion by Fiber-Line, and a \$3 million expansion by Technibilt creating 162 jobs.

The EDC continues to cultivate product development, advancing and coordinating a Multi-Jurisdictional Business Park, as well as commitments to build a speculative customer service center in Hickory and a speculative industrial building in Claremont to entice investors. Some of the proceeds from the ¼ cent sales tax (\$300,000) continue to be set aside annually in capital reserve to assist with these efforts. As a service to existing industries, the EDC has developed the Helpweb (<http://www.catawbaedc.org/HELPWEB>), an online communication tool that allows users to request information or assistance.

Other investments in the community that help promote the County and stimulate the local economy include support of the Convention and Visitors Bureau, the Chamber of Commerce Visitor Information Center, and the fifth year of the Greater Hickory Golf Classic, which has an economic impact of about \$35 million annually in our County. Funds also are included for the County's share of the most recent expansion of the Hickory Metro Convention Center, which brings money to our local economy through the promotion of conventions and conferences. Catawba County will host the North Carolina Association of County Commissioners' annual conference August 27-30, 2009. The conference's approximately 500 attendees will stay and shop in the area, so the conference is a perfect opportunity to show off the attributes of Catawba County while helping the local economy. In addition to the North Carolina Association of County Commissioners' annual conference, other statewide organizations are scheduled to have their conferences at the Hickory Metro Convention Center in the upcoming fiscal year -- the North Carolina state chapter of the National Association for the Advancement of Colored People with 500 attendees, North Carolina Septic Tank Association with 700 attendees, and the North Carolina Association of County Directors of Social Services with 800 attendees.

A bright spot for our local economy continues to be the amount of bank deposits. Economists view bank deposits as an indicator of a community's capacity to spur local investment, jobs, and wealth through business loans. Current figures from the Federal Deposit Insurance Corporation (FDIC), which maintains a database of bank deposits for each metro area in the United States, indicate that Catawba County has the 8th highest bank deposits (\$2.5 billion) of any county in North Carolina.

Catawba County has the 8th highest bank deposits (\$2.5 billion) of any county in North Carolina, an indicator of capacity to spur local investment and jobs.

The rate of home foreclosures is a serious issue facing the national and local economy. Catawba County had 834 foreclosure starts in 2008, up 2% from the prior year. This was less than originally anticipated in 2008 and is believed to be due in part to the Presidential moratorium placed on foreclosures in November and December of 2008, and in part to the efforts of the Western Piedmont Council of Governments (WPCOG) Foreclosure Counseling

Program. In 2008, WPCOG staff helped 139 Catawba County property owners avoid foreclosure, and 75 homeowners have already received assistance in 2009. The program appears to be paying benefits as foreclosure starts are down almost 20% while use of the program has increased.

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A positive sign for our local housing market is the sales to assessment ratio, which measures the tax value of residential property in comparison to its sale price. Last year, the ratio was 97.2%, meaning homes were selling slightly above the tax value. Since January 2009, this rate has improved to 96.7%, reflecting sales, on average, 3% above tax value.

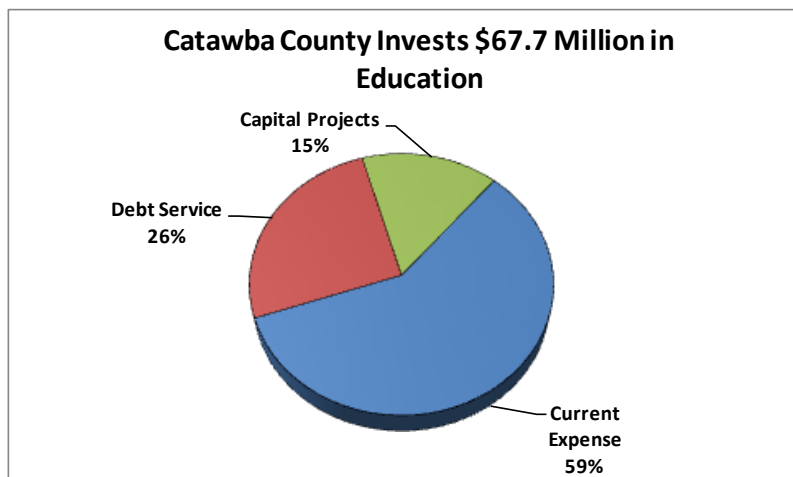
EXPENSE HIGHLIGHTS

Education

Education continues to represent the largest portion of our local budget, with 48.6% of property and sales tax revenues pledged for the instructional costs and capital needs of our three school systems and CVCC.

State certified enrollment numbers for the three school systems indicate that there will be a decrease in the number of students next year. This is primarily due to a change made by the State in the date by which children must be 5 years old in order to begin kindergarten, from October 15 to August 31. State certified student enrollment numbers for Catawba County Schools

decreased by 362, Newton-Conover City Schools decreased by 17, and Hickory Public Schools decreased by 299, for a net reduction of 678 overall. The state projects there will be a total of 24,586 students next year. The following year, however, we anticipate an increase in local cost from this delayed student population.



Funding the cost of school operations is clearly the responsibility of the State, but the General Assembly does not adequately fund public schools. This problem has been compounded with the roughly \$1 million reduction made by the State to school funding during Fiscal Year 2008/09. To pay for local teaching positions, teacher supplements, utilities, and other operating expenses, the County provides supplemental dollars. The County is required by the State to fund each school system an equal amount per pupil. This budget funds each school system at the rate of \$1,427 per pupil. At a time when some counties are cutting funds to schools, this is a 1% increase over the Fiscal Year 2008/09 per pupil amount. Included in this

amount are funds for programs jointly operated by the three school systems – the Adolescent and Children in Treatment (ACT) Program, Catawba Valley High School, the Conover School for exceptional children, Community Schools, the school bus garage, the early college program at CVCC, and Challenger High School. The budget also continues the equivalent of a penny of the property tax to fund much needed technology updates for all three school systems.

CVCC has been particularly hard hit by State funding reductions with an anticipated loss of almost \$2 million in Fiscal Year 2008/09. At the same time, enrollment continues to rise. In an effort to improve our County's ranking in community college funding, the budget includes a 6.25% current expense increase for CVCC, which will move us from 19th to 17th in funding out of 58 community colleges. Our goal is to be within the top 15 counties in providing support to our community college, which brings so much to the County in the way of academic improvement and workforce development.

Local dollars and state ADM (average daily membership) funds are used to pay for annual capital needs for the three school systems. We normally receive \$1.3 million annually in ADM funds but these funds are in jeopardy this year. As a precaution, and working with each superintendent, projects were identified as either locally funded or ADM funded. If ADM funds are not received, only the locally funded projects will be completed in Fiscal Year 2009/10. School capital projects in the annual capital outlay budget by funding source are as follows:

- Catawba County Schools:
 - Locally funded projects \$1,946,446: design funds for Arndt Middle School renovations; new buses; a storage building to replace storage area lost at the Annex for needed office space; roofing at Arndt Middle School and system-wide; a dump truck; and renovations to Sweetwater Elementary School for use as an early education services building.
 - Projects that will not be completed if the State eliminates ADM funding \$917,627: property for a new Foard area elementary school; HVAC system upgrades; relocation of the bus fueling station to improve safety; conversion from oil to gas heat at Sherrills Ford and Lyle Creek Elementary Schools; and an increase to the stacking area at Balls Creek Elementary.
- Hickory Public Schools:
 - Locally funded projects \$916,894: asbestos abatement at Hickory High School
 - ADM funded projects: Only the asbestos project is included in the budget and phasing is not possible. If ADM funds are not received, the county will fully fund the asbestos project and reduce future year projects equivalent to the lost funding.

- Newton-Conover City Schools:
 - Locally funded projects \$710,347: roofing at the central office and Conover School cafeteria and upgrades to Newton-Conover Middle school to begin its transition to an elementary school. Of this funding, \$73,516 is a result of appropriating balances remaining from completed projects for the school system.
 - Projects that will not be completed if the State eliminates ADM funding \$149,703: gas pack units to operate the heating system at Newton-Conover High School; masonry repairs to the Newton-Conover Middle School gymnasium; and a portion of the funding to convert the middle school to an elementary.
- CVCC – East Campus and Arts Center renovations and campus-wide roofing.

The Capital Outlay Budget also includes \$50 per pupil, a total allocation of \$1,229,300, for small capital and repair needs costing less than \$12,500. The individual school systems decide how these funds will be spent throughout the year. Each school system has chosen to decrease differing portions of these funds to make up for the loss of ADM funding from the state budget. In addition, the County funds half of the cost of both a construction project manager for Catawba County Schools and a shared construction project manager for Hickory Public Schools, Newton-Conover City Schools, and CVCC. These positions provide critical support in monitoring current construction projects to keep them within budget, ensuring compliance with building code requirements, processing change orders, and working with the schools to ensure that the projects meet their needs. The Project Managers also assist the schools with developing annual capital and 8-year plan requests.

Capital projects for CVCC will help the college to deal with increasing enrollment. Projects include funding for general renovations, safety locks for classrooms, a cooling tower for the Engineering Building, a campus-wide alert system, lawn-mower, maintenance vehicle, and renovations to convert the area used by the old bookstore to classroom and office space.

The budget continues a 4-year school construction cycle as approved in Fiscal Year 2007/08 when the Board of Commissioners committed 2 cents of the property tax and up to \$1.5 million in lottery proceeds annually to pay the debt on \$85 million in projects for public schools and CVCC. This funding allows us to take advantage of lower construction bids and lower interest rates. Projects for Fiscal Year 2009/10 include:

- Catawba County Schools - Arndt Middle School– This 12 classroom addition, renovations, and new access off Sulphur Springs Road.
- Newton-Conover City Schools – planning funds for a new middle school
- CVCC – East Campus and Arts Center renovations and campus-wide roofing.

PUBLIC SAFETY

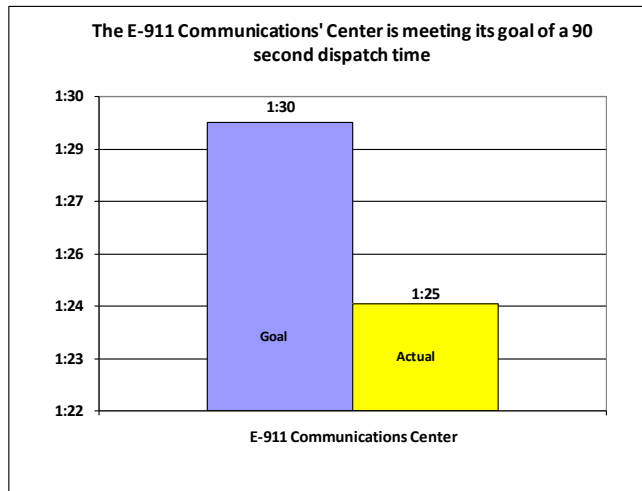
Despite the recession, there are certain services that must be provided in order to ensure the safety and well-being of citizens. This proposed budget scales back the pace of planned

investments in public safety and only adds 3 new positions, building projects, and equipment as follows:

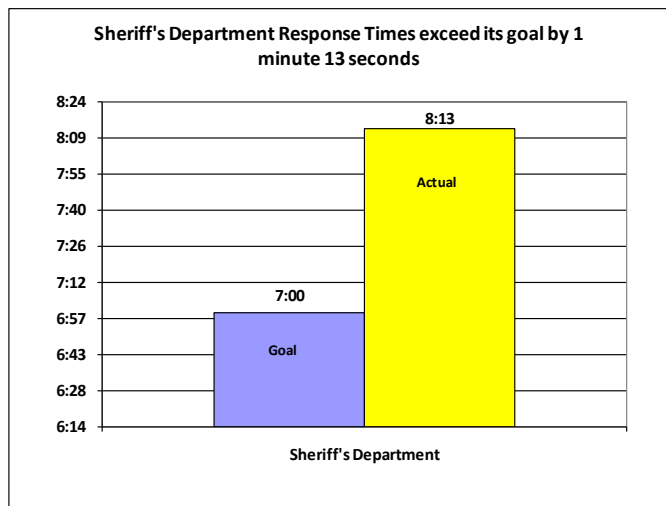
Positions:

Catawba County remains committed to keeping citizens safe. Maintaining desired emergency response times is critical to achieving this goal.

- The Communications Center has an emergency dispatch goal of 90 seconds from the time a call is received. To continue to meet this goal, 2 additional radio telecommunicators for the 911 Emergency Communications Center are funded October 1. With an increase in call volume of more than 50%, or 1,322 calls per telecommunicator since the 2000 Emergency Services Plan was completed, this goal is becoming increasingly difficult to meet. Based on the study recommendations from that plan and national data, the Communications Center developed a strategic plan which indicated the County was at least 5-6 telecommunicators understaffed considering call volume and calls per telecommunicator. Two telecommunicators were added in Fiscal Year 2008/09 with 2 additional planned per year until Fiscal Year 2011/12 to remedy this deficit. Dispatch times, call volume, and staffing levels will be reevaluated annually to determine needs.



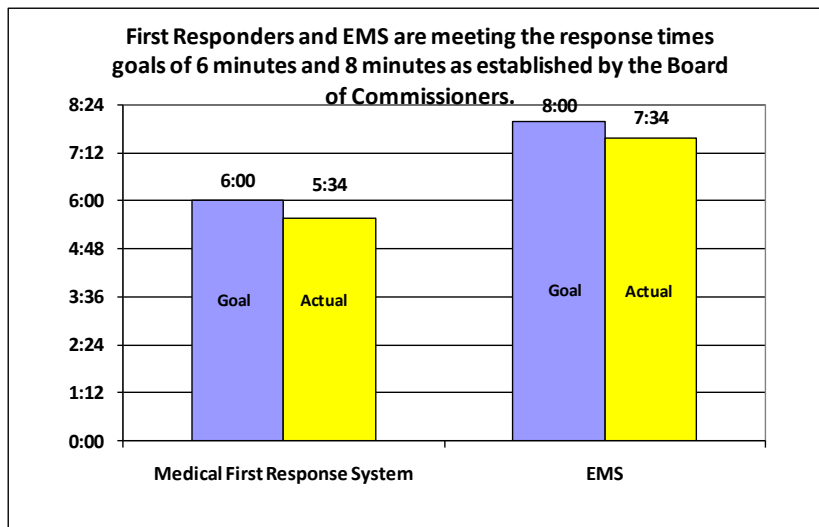
- The Sheriff's Department has a 7-minute average response time goal from the time of dispatch to arrival on scene for emergency calls. A comparison of sworn staff per 1,000 persons served conducted last year showed Catawba County Sheriff's Department below the state average for sheriff's offices by roughly 19%. Our comparative understaffing appears to be impacting our response times as we are exceeding our 7-minute emergency goal overall by 1 minute 13 seconds. The proposed budget includes an additional



road patrol deputy funded by a United States Department of Justice, Justice Assistance Grant (JAG); the position will need to be funded locally after the first year. The new road patrol deputy will be combined with an existing 3 person traffic unit that is being reassigned to road patrol, which will allow the department to add 1 deputy to each of the 4 road patrol shifts.

The Sheriff's Department has also applied for a U.S. Department of Justice, Community Oriented Policing Services (COPS) grant that would fund salary and benefits for 4 additional entry-level road patrol deputies and a sex offender registry deputy for 3 years. These additional road patrol deputies would further reduce response time. If awarded the County would be responsible for purchasing equipment and paying any operating costs associated with the position. The County would also have to commit to funding the deputies locally for a minimum of one fiscal year following the termination of the grant.

- Emergency Medical Services (EMS) has an 8-minute average response time mandate from the time of dispatch to arrival on scene for emergency medical calls. The Fiscal Year 2008/09 budget included 2 EMTs starting July 1, 2008, and 2 EMTs funded from January 1, 2009 subject to response times and call volume. Upon review, a decision was made not to fill the positions authorized for January 2009 because the 8-minute response time was being met. Fiscal Year 2009/10 includes the annualized cost for these positions but they will remain vacant subject to continuing review of response times and call volume, enabling the County to react quickly if the response time is not met.



- Property tax increases are recommended for Sherrills Ford, Hickory Rural, and St. Stephens volunteer fire departments to provide increased service. Sherrills Ford assumed responsibility for the former Denver Fire District and is building a fourth base; Hickory will begin providing rescue service in both the city limits and rural district; St. Stephens is now providing medical first response and will be providing rescue.

Infrastructure:

- A portion of the ¼ cent sales tax proceeds will fund Justice Center expansion and a new Public Safety Center:

- Justice Center Expansion – The Justice Center is almost 30 years old and no longer provides adequate space for our courts. An expansion is planned to add more space for courts and court related functions. Technology improvements to the courtrooms are also planned.
- Public Safety Center – The 911 Emergency Communications Center and Emergency Operations Center (EOC) are completely out of room and additional critical equipment cannot be added because of electrical limitations in the Justice Center. Newton EMS Base and EMS Administration is located in the Agricultural Resources Building which is extremely old and no longer meets their needs. A new facility will be built to house these critical public safety functions.
- Jail Expansion – With the recent Jail expansion, the County planned for future needs by building core infrastructure such as a kitchen, sally port, and video visitation large enough to accommodate future bed expansions. Our investment at the Burke-Catawba District Confinement Facility (BCDCF) continues to pay dividends by enabling us to build and staff fewer beds at the Newton jail now. The inmate population continues to rise approximately 4% annually. As a result, it is anticipated we could again reach our capacity in the Catawba County Detention Center and the BCDCF by Fiscal Year 2014/15. A 128-bed expansion is planned for that year with operations beginning the following year. In the meantime, we are renting beds to the Federal government and to Burke County and banking the proceeds to help fund the expansion and reduce costs to taxpayers. To date \$350,000 has been reserved with another \$200,000 planned in Fiscal Year 2009/10. Efforts continue to alleviate jail space needs. The budget continues funding for jail diversion efforts including Electronic House Arrest (EHA), Pretrial Services, and an expanded contract with Repay for Justice System coordination.

Catawba County is renting beds to the Federal government and Burke County and banking the proceeds to help fund future expansion and reduce costs to taxpayers. To date, \$350,000 has been reserved, with another \$200,000 planned in Fiscal Year 2009/10.

 - EHA is primarily targeted at keeping individuals delinquent in child support payments out of jail, working, and paying child support but some criminal defendant are also being diverted by Judges. The EHA Deputy has the capacity to monitor up to 15 individuals per day.
 - Pretrial Services continues to work with the courts to ensure all warrants are served at the time of detention, identifying individuals interested in entering pleas, and assisting with bond modifications.
 - Repay will provide contracted services for justice system coordination, assisting the various entities operating within the court system with planning, organizing, and coordinating issues identified in the Justice System Review Report

conducted by Tech Solve and accepted by the Board of Commissioners on October 6, 2008. Tech Solve identified numerous areas where the judicial process could be improved and more efficiently use available resources. This process will be overseen by the Court Improvement Board composed of the two Superior Court Judges, the Chief District Court Judge, District Attorney, Sheriff, Clerk of Court, County Manager and County Attorney.

- EMS Base Expansions/Realignments/Replacements - Call volume/demand is forecasted to increase by 55% in the next 8 years. In order to maintain an 8-minute average response time, EMS will have to increase EMS crews and base locations. In the last couple of years, the County has added service hours to its second EMS crew in Newton and added a new part-time crew in Conover, and it plans to add new EMS crews in the Bandys, Mountain View, and the Sherrills Ford areas over the next 8 years. Instead of building new bases, the County will look for opportunities to co-locate with other rescue and fire departments.
- An addition is planned for Bandys Fire Station 2. In a large portion of the Bandys area, EMS is unable to reach locations in 8 minutes while driving the speed limit from current base locations and emergency calls in the Bandys area have increased by 35% in 3 years. Also, the Western Piedmont Council of Governments has forecasted that the Bandys area will grow by 16% to 20% in the next 8 years. Emergency calls in the Bandys area have increased by 35% in 3 years.
- Because Hickory City Fire Department and St. Stephens Volunteer Fire Department provide medical first response and will assuming responsibility for rescue, the Hickory Rescue Squad district is now substantially the southwest portion of the County. In order to increase response times, a new rescue squad base will be constructed on County owned property in Mountain View and designed to add an EMS unit in the future. Additionally, land has been offered to Hickory City for a future fire station. These actions are in concert with the County's Emergency Services Strategic Plan.
- Animal Shelter Renovations and Expansion – The Catawba County Animal Shelter provides service for the County and its 8 municipalities. An expansion and renovation of the Animal Shelter is planned for Fiscal Year 2010/11. Planning and start up funds are included in the Fiscal Year 2009/10 budget. The current Animal Shelter is over 20 years old and is averaging 200 animals per day, while its capacity is 87. Due to its age the Animal Shelter has some design flaws. It was not designed to meet the current capacity of animals being housed or the newest treatment options. There is no separate entrance for animals that are surrendered by owners, and the public and animals use the same entrance. Both of these factors aid in transmitting diseases within the general animal population and lead to the need to euthanize animals that would otherwise have been adoptable. The current facility lacks adequate office and storage space for perishable food items and other equipment necessary to operate. There is also no space for officers to meet with citizens in a private area. Because of inefficient design, the Shelter also requires constant cleaning with at least two staff members to meet

State requirements. The constant moving of animals in the current Shelter puts staff at increased risk for bites.

Equipment:

Public Safety agencies use a variety of equipment that is critical to providing services to citizens. The budget includes 5 replacement ambulances, 17 replacement law enforcement vehicles, and a jail van. These units have all exceeded established replacement cycles and, if not replaced, may no longer be safe for daily emergency operations.

The budget also plans for new 800 MHz radios for public safety personnel. One of the major problems identified in the 9/11/2001 tragedy was the inability of public safety agencies to communicate with each other because radio systems weren't interoperable. Catawba County has been phasing in an interoperable 800 MHz public safety communications network for the last several years by capitalizing on partnerships with other local jurisdictions and the North Carolina State Highway Patrol (NCSHP) including actively pursuing State and Federal grant funds. The NCSHP VIPER network was built for public safety interoperability across the state. Catawba County has identified the need for 129 mobile and 179 portable 800 MHz radios to enable the Sheriff's Office, EMS, Emergency Management, Public Health, and Animal Services to begin using the VIPER infrastructure. Plans are to phase the purchase of these radios in over a 4 year period, targeting law enforcement and EMS first. To the extent possible, County funds will be used to provide matching money for grants enabling us to acquire 800 MHz radios sooner. As an example, the County worked with all Catawba County fire departments and rescue squads to submit a grant that would provide these agencies with the needed radios. EMS radios can also be funded by this grant but only due to the joint cooperation of the County and the fire and rescue departments in submitting the grant. The grant requires a 20% match, of which, the County will provide 15% and the other agencies will provide 5%. The 15% match the County will provide is less than the cost of supplying EMS completely with radios outside the grant, allowing more agencies to use the 800 MHz system sooner.

TECHNOLOGY

The County continues to invest in technology designed to improve staff's ability to deliver service to the public and improve overall efficiency. The implementation of online payment for selected Catawba County departments will be completed by July 1, 2009, and the online permitting options will be completed by December 1, 2009. Property taxes are already being collected online, with over \$2 million collected to date.

The County strategically allows County employees to work away from an office environment, which keeps them in the field more hours, reduces office costs, and provides better service to the public. To date, funding mobile applications has produced the following benefits:

- Each EMS unit now has a GPS unit enabling the 911 Emergency Communications Center to dispatch the closest unit to a call rather than simply dispatching based on response areas. This technology, on average, has reduced response times around the country by six seconds.

- Sheriff's deputies use laptops with air cards in vehicles send incident, arrest, and supplemental reports. Officers can also receive email, fill out timesheets, and use the internet for crime data while in the field. This technology has increased patrol time by an estimated two hours per day per officer.
- Building Services uses laptops and air cards to perform building inspections, which has given the division the capacity to conduct a total of 22 more inspections per day.
- Public Health uses mobile technology for Environmental Health, School Nurses, and Home Health Nurses. This enables staff to stay in the field performing their jobs instead of in the office and reduces the demand for office space by allowing workers to more easily share smaller areas when they do have to come to the office.
- Maintenance employees now receive and update status on work orders using Blackberry phones in the field, instead of returning to the office.
- Fire/Rescue Services can access inspection history, permit information, and inspections forms from their vehicles.
- Social Services has 44 employees that telecommute in areas such as Family N.E.T., Adult Services, Children's Services, Family Support Services, and Child Support that work from home part of the week, reducing demand for new office space.
- The Mobile Command Post has proved invaluable when deployed by allowing public safety agencies to operate in the field as if in the office. Through the use of internet access, satellite phone and television capabilities, topographical plotting and printing capabilities it can even serve as a temporary remote 911 Emergency Communications Center.

Mobile technology expansions are planned in the areas of Tax Appraisal, Code Enforcement, and Social Services. In all three areas, some employees will be provided laptops and air cards so they can provide more service to the community without having to come back to the office constantly. For example, in the Social Services Department, selected child welfare workers, on call social workers, and community support workers will receive laptops and air cards, allowing them to reach more of the County's citizens who are in need of help.

WATER AND SEWER

As the County continues to grow, so does the demand for clean drinking water and sewer services. The County currently has over \$100 million in water and sewer projects proposed or requested by citizens and municipalities. To help address these needs, 1.5 cent of the property tax rate and \$1.45 million of the ¼ cent sales tax are dedicated to funding strategic water and sewer needs in cooperation with municipalities. Water and sewer projects planned for Fiscal Year 2009/10 include:

- Highway 150 Sewer, estimated to cost \$9.66 million. This project will be connected to the South East Catawba County (SECC) Wastewater Collection System at Sherrills Ford Elementary School. It will consist of approximately 85,000 linear feet of varying sizes of sewer lines and pumping stations. This project will affect 81 existing residential units and 38 existing commercial/business entities. It will also provide sewer service to the new Highway 16/150 intersection.

- Hickory-Catawba Wastewater Treatment Plan Upgrade. The project is estimated to cost \$7.5 million, of which, 50% is Catawba County's cost. This project, in cooperation with the City of Hickory, will upgrade/expand the existing Hickory-Catawba Wastewater Treatment Plant from its current capacity of 225,000 gallons per day (gpd) to 1.5 million gpd. This project will eventually serve 1,500 homes in the Key Harbor Development, Sherrills Ford Elementary School, an existing business on Sherrills Ford Road, two existing residences on Sherrills Ford Road, the proposed Village Center development, and all of the residential and commercial/business entities listed with the Highway 150 Sewer Project.
- Blackburn-Plateau Water Loop. This project has an estimated cost of \$3.6 million and is funded by a \$3 million Federal stimulus grant/loan. The water loop will provide municipal water to the proposed Propst Cross Road Fire Department, municipal water along the western and southern boundaries of the Blackburn Landfill, municipal water and fire protection to a proposed economic development project, the expansion of Catawba Valley Mills Manufacturing Facility (Ashfar Enterprises, Inc.), and municipal water and fire protection to a proposed economic development project at the intersection of Startown Road and US Highway 321. The project also provides a necessary supply loop to future businesses and a secondary water supply loop to the Town of Maiden and the Southeast Catawba County Water Supply System, in the event of a problem with the City of Hickory water supply main on Startown Road.
- Blackburn Elementary School Sewer. This project has an estimated cost of \$580,000 and will provide municipal sewer service to Blackburn Elementary School and other properties along the route.
- Heatherbrook Subdivision Water. This project has an estimated cost of \$325,000 and will provide water to the Heatherbrook Subdivision off of NC Highway 10 West. This project was initiated by a petition from the residents of the subdivision and will provide water service to 44 residential lots.

LIBRARIES AND PARKS

Despite the recession, the Southeastern Catawba County area is projected to grow by 32% over the next eight years and it is important to continue with planned investments. Fiscal Year 2009/10 will be the third of four years during which funds will be set aside for a new branch library facility in Sherrills Ford. Land for the project was negotiated as part of the Crescent Resources development agreement. Construction will be coordinated with the Village Center in order to reduce road and utility infrastructure costs. Friends of the Sherrills Ford Library are trying to raise funds to also provide community meeting space and a privately operated coffee shop.

Despite the recession, the Southeastern Catawba County area is projected to grow 32% over the next eight years.

The Board of Commissioners adopted a Parks Master Plan in December 2007 to expand passive recreation opportunities in the County. Future park expansions are planned at Mountain Creek

and Bunker Hill Bridge. Plans are to pursue grant funds for both parks so grant availability will determine the timing for development of each site. A \$2.6 million Clean Water Management Trust Fund grant was approved by the Clean Water Trust Fund Board of Trustees in Fiscal Year 2008/09 for the acquisition of Mountain Creek Park in southeast Catawba County. The County is supposed to receive the grant in Fiscal Year 2009/10; however, the grant is subject to the approval of the Governor, and with the current fiscal problems at the State level, the funding could be diverted. Regardless of the grant approval, the County is to receive 300 acres of land for the park through a development agreement with Crescent Resources. The Fiscal Year 2008/09 budget included \$300,000 with an additional \$150,000 set aside in Fiscal Year 2009/10 to allow the County to capitalize on available grant opportunities.

HUMAN SERVICES

During these turbulent economic times, an increasing number of citizens have found themselves in need of assistance, many for the first time in their lives. The budget maintains local investment in human service agencies even as some State revenues are reduced.

Public Health

Public Health's budget decreased 2% compared to the prior fiscal year. The economy has had a negative impact on Environmental Health revenues which are estimated to decrease almost 50% during Fiscal Year 2008/09. As a result of the housing slowdown, well and septic tank inspections revenues alone decreased 15%. The budget eliminates part-time wages for the Environmental Health as a result of these revenue losses.

State funding reductions are the primary reason for service changes. Personnel and operating costs were reduced or eliminated in various areas as a result of lost funding as follows:

- Due to State funding cuts, Catawba County Schools were forced to cut 2 nurse positions, which will not be funded in Fiscal Year 2009/10. In addition, School Nurse Initiative and Department of Human Resource Teams and school nurse programs at Catawba Valley Medical Center, Catawba County Schools, Newton/Conover City Schools, and Hickory Public Schools have seen decreases in staff costs and subsequently operational costs because all area school nurses are slated to go from 100% work schedules to 90% schedules. Several years ago, a goal was established to provide 1 nurse per 1,000 students in our 3 school systems. We are doing better than this goal in the Hickory Public School (1:880) and Newton-Conover School (1:944) Systems, but the decision by Catawba County Schools to reduce contract funding means we will no longer meet the goal in this system (1:1157).
- Smart Start Dental Education Program – State Smart Start funding to Public Health has been decreased resulting in the elimination of the Smart Start Dental Education Program and a dental health educator position. The Early Childhood Support Team will assume the duties of the Smart Start Dental Education Program.

- Several positions will be unfunded in the upcoming fiscal year as a result of State funding reductions, including a child service coordinator nurse position; a charge nurse position in Adult Health; and a nurse practitioner position.

While the Public Health Department has seen decreases in funding from the State and less revenues from certain operational areas, it has witnessed an increase in demand in many service areas because of the economic downturn. The following are some of the increases:

- Child Health client accounts for Medicaid have increased by 100%.
- Home Health visits have increased by 20%.
- Dental client accounts have increased by 18%.
- The use of vouchers for the Women, Infants, and Children program has increased by 5%.

On a positive note, the cost of uncompensated care increased only \$53,022 in Fiscal Year 2007/08 to \$1,617,152, which is far less than the \$164,000 increase experienced the previous fiscal year. Among the reasons for the slowing increase in uncompensated care:

1. North Carolina eligibility guidelines changed with regard to verifying individuals' pay before rendering service. Prior to these changes Public Health had to take income declaration of how much money a person made. Potential patients must now bring a document confirming their income, so Public Health staff can determine if the individual qualifies for service and at what pay rate they will be charged.
2. Better collection practices, such as additional translator time was added to the clinics to assist with collection from Spanish speaking clients, have been put in place for reception area staff following a collections training the staff completed in the last year.
3. Prenatal eligibility has increased to 250% of the Federal poverty level. This change allows Public Health to see individuals with more resources and who are more apt to pay their bills.
- 4.

Social Services

Social Services' budget decreased 8% from last fiscal year due primarily to long awaited Medicaid relief for counties. In passing Medicaid relief, our State finally joined 49 others that do not require their counties to help fund Medicaid Services. In exchange, counties gave up ½ cent of sales tax revenue. This turned out to be a particularly good trade for counties since Medicaid expenses have been growing approximately 9% each year. With the current economic downturn, this percentage is probably higher.

Through Medicaid relief, the State has assumed costs previously incurred by counties. In exchange, counties gave up ½ cent of sales tax revenue.

Social Services' budget decrease is not all positive, as the Department will see reductions in State funding for programs such as Smart Start. At the same time, demand has increased in numerous areas without a commensurate funding increase. For example, Social Services has had to augment its budget for foster care in Fiscal Year 2009/10 because of a 13% increase in children entering the program. Food Assistance demand has grown by so much that Social Services has had to transfer three employees from other service areas to help with the increased need. The following areas have also seen service level growth in the last year:

- Adult protective services reports have increased 93%.
- Crisis assistance applications have increased 31%.
- Family Medicaid applications have increased 19%.
- Food assistance applications have increased 25%.

For Fiscal Year 2009/10, Social Services established 30 outcomes as part of the Department's performance based budgeting, which reflect continued efforts to work with citizens toward self-sufficiency while increasing the focus towards assisting Catawba County families with critical needs in these tough economic times. Social Services has a goal of assisting over 4,000 citizens with basic needs (rent, utilities, medications, medical supplies). In addition to providing crisis assistance, the Department will refer citizens to other appropriate resources in the area for help (e.g. food assistance, Medicaid, Catawba Cooperative Christian Ministries, Greater Hickory Cooperative Christian Ministries, and the Salvation Army).

Social Services continues to coordinate efforts to help Catawba County citizens struggling to cope with an uncertain economy. One such effort is distribution of the NACo (National

Catawba County citizens have saved over \$1.6 million on prescription drug purchases since the inception of the NACo prescription drug card in Catawba County in 2006.

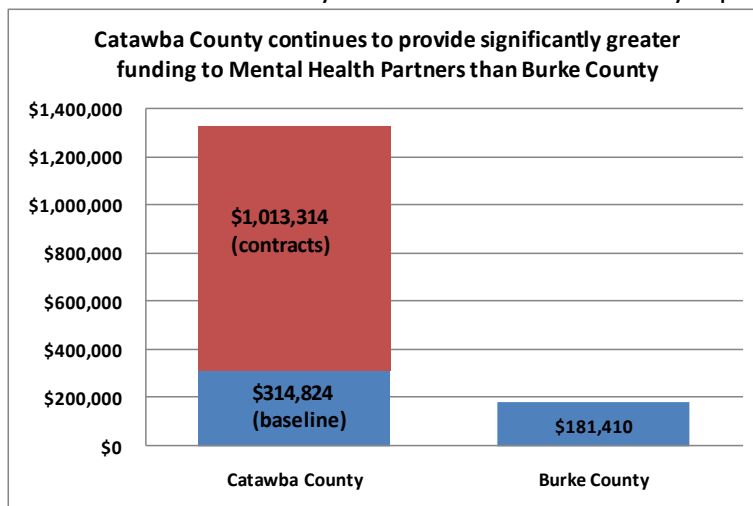
Association of Counties) prescription drug card. This free discount card, available to every family residing in Catawba County, provides citizens with an average savings of 27% off regular retail prices for most prescription drugs. Catawba County

citizens have saved over \$1.6 million on prescription drug purchases since the program's inception in Catawba County in 2006. There is no cost to taxpayers for participation in this program and the County does not receive any revenue from its usage. Cards can be obtained at Socials Services, Public Health, all Catawba County and Hickory City Public Libraries, West Hickory Senior Citizens Center, Cooperative Christian Ministry of Hickory, Eastern Catawba County Cooperative Christian Ministry in Newton, the Salvation Army, Centro Latino, and many local pharmacies.

Mental Health Partners

Effective July 1, 2008, Mental Health Services of Catawba County and Burke County formally merged into a multi-county area authority called Mental Health Partners. This merger was a result of State mandated Mental Health Reform, which was phased in over four years.

Catawba County continues to provide funds to the authority that match Burke County's per capita contribution (\$2.027). For Fiscal Year 2009/10, Catawba County's baseline funding amount is \$314,824 and will be used for core Mental Health services such as guardianship, law enforcement overtime costs associated with involuntary commitments, client emergency assistance, and psychiatric support.



Services which exceed the baseline funds are subject to contract with Mental Health Partners on a year-to-year basis, based on need and performance. Contracted services for Fiscal Year 2009/10 total \$1,013,314 and will be split equally between Family N.E.T. and Catawba Valley Behavioral Healthcare (CVBH). This division of funding recognizes the new realities of mental health under the reformed system. Family N.E.T. is a County run program within Social Services. CVBH is an independent entity operating primarily with State, Federal, and private party fee for service revenues. The first priority for County dollars must remain in funding County programs. This funding distribution also recognizes rent reductions provided to both CVBH and LifeSkills which occupy County-owned buildings, saving these programs over \$323,000.

To assist with the mental health reform transition, Catawba County agreed almost 30 months ago to allow CVBH and LifeSkills to occupy their current facilities until June 30, 2009. The County is willing to make a long-term commitment to LifeSkills to enable it to occupy its current location indefinitely as the space was designed to meet the program's needs when it was built. CVBH has been notified of the County's intent to reuse the former Mental Health Building by January 1, 2010. The building will be used by Public Health for a Dental Clinic, allowing the department to provide the Women, Infants, and Children (W.I.C.) program much needed growth room in the main Public Health building, and to enable Social Services to locate all staff on the same campus, thereby reducing rental expenses for Family N.E.T.

GREEN INITIATIVES

Recycling efforts

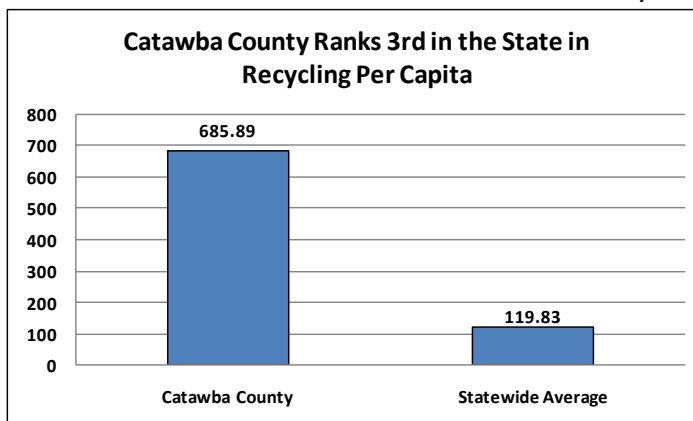
Recycling 19% of its waste, Catawba County continues to be a leader in recycling, ranking 3rd in the state in 2008. The County recycled 686 pounds of material per person, six times the state average of 119.83 pounds. This is an increase of 34% in recycling pounds per person over the previous year.

The budget continues to fund two Household Hazardous Waste events per year, held the first week in May at the Government Center and the first week in November at L.P. Frans Stadium in

Hickory. These events provide an opportunity for citizens to dispose of residential household hazardous waste in an environmentally sound manner. At the most recent event in May 2009, 675 vehicles representing 941 households dropped off 40,467 pounds of household hazardous waste and 39,620 pounds of electronic waste.

EcoComplex

The County continues efforts to expand the EcoComplex at the Blackburn Landfill, a public-private partnership to take advantage of cooperative relationships to the benefit of the environment and local economy. Private companies have been recruited to co-locate operations with the Landfill. Waste products from the businesses and the Landfill are converted into energy to operate the Landfill's methane-gas-to-energy operations, the businesses, and a proposed sludge maintenance facility.



Several companies are already operating at the Landfill and others are planned for the future. Gregory Wood Products has been operating since August 2005 and PalletOne became operational in 2007. Though the wood products industries are down, as a whole, due to the economy, both companies continue to have operations, albeit downsized, at the EcoComplex. It is expected that once the economy and wood products industries improve, operations will normalize at both PalletOne and Gregory Wood Products. The County is continuing negotiations with greenhouse companies interested in locating in the EcoComplex. Appalachian State University (ASU) has received a grant from the Golden LEAF Foundation for a biodiesel research facility to be located in the EcoComplex. This facility will use the electricity and heat created by the County's existing co-generation units. The Biodiesel Research and Production Facility's construction is set to begin during the summer of 2009. Catawba County has been awarded a grant from the North Carolina Biofuels Center in the amount of \$150,000 to go towards construction and equipment for a Feedstock Crushing Facility. This facility is the beginning of the biodiesel process. As feedstock crops are harvested, this facility will prepare them for conversion to biodiesel.

County staff is currently reviewing responses to the RFQ/RFP for a bioenergy facility that will be located in the Eco Complex. This bioenergy facility will convert biomass (sawdust, wood and cellulosic waste) from Gregory Wood Products, PalletOne, and the Blackburn Landfill into useable "green" energy in the form of steam and heat. This energy will be used by Gregory Wood Products and Pallet One in their wood drying kilns and it will also be used by the County in the sludge management facility and to generate electricity. Private funds will be used to design, build, and operate the facility, and the County will take ownership of the facility over a period of time, which is anticipated to be 20 years.

In addition to these efforts, Catawba County continues to extract methane gas from buried Landfill refuse, which is then burned to generate electricity. The Blackburn Landfill Facility handles approximately 464 tons of waste per workday. The County's Landfill Gas to Energy Facility has averaged almost 14,000 mega-watts of electricity over a ten-year production period with a credit of \$4,643,331. In the current fiscal year, the facility is on pace to produce 12,500 mega-watts with a credit of \$406,537. Despite selling the energy, the County retains the credit for producing clean energy. A Renewable Energy Attributes market is developing in the United States that involves the buying and selling of renewable energy 'credits' in intra- and inter-state transactions. Catawba County is in a position to financially benefit from this new market. As a result, the County also sells Green Credits through 3Degrees, a brokerage company that specializes in providing energy-trading services. Combined revenue from energy sales and green credit sales is in excess of \$450,000 annually. These innovations have also helped to keep tipping fees low.

Catawba County's solid waste operations continue to function as an enterprise fund requiring no tax revenue. County residents and businesses pay the lowest fees in the area, and the County's stewardship has resulted in extending the life of the Blackburn Landfill for at least 65 years.

The County's stewardship has resulted in extending the life of the Blackburn Landfill for at least 65 years.

Going Green

Through daily practice, Catawba County promotes a culture among staff and the community of positively impacting our environment. Some of these activities are performed at an organizational level, while others are performed at an individual level. In many cases "going green" not only helps the environment but saves money. Below are highlights of some of the efforts taking place:

- LEED is a third-party certification program and the nationally accepted benchmark for the design, construction, and operation of high performance green buildings. LEED is a third-party certification program and the nationally accepted benchmark for the design, construction, and operation of high performance green buildings. The new Snow Creek Elementary is LEED certified and plans are to obtain certification for Newton-Conover Middle School, the Animal Shelter addition, Public Safety Center, and the Biofuels building at the Blackburn Landfill. While initial costs are slightly higher to construct LEED certified buildings, the increased building costs are usually recouped within 5-10 years from decreased operating costs money saved over the life of the structures.
- Existing building are being retrofitted with more energy efficient light fixtures, adding motion sensors to lights in public areas, installing water-saving plumbing fixtures, and upgrading HVAC systems.
- All departments are encouraged to purchase environmentally friendly products when possible. The County's Purchasing Division tracks the amount spent on "green" products. Halfway through Fiscal Year 2008/09, the County had spent \$136,652 on environmentally friendly and recycled products compared to \$33,426 from the same period in the previous year.

- County departments continue to reduce paper consumption by scanning documents for electronic rather than paper circulation; processing purchase orders, timesheets, expense reports, maintenance orders, vendor payments, benefits, and payroll electronically; and simply reminding employees to think before they print.
- The County's Hybrid Fleet has grown to 20 vehicles. These vehicles are being used in Social Services, Tax, Purchasing, and Building Services.
- Fleet Maintenance continues to purchase and employ B-10 biodiesel fuel.
- Facility maintenance staff place two workers per truck and receive work orders electronically, thereby limiting trips between job sites and the office.
- Rainwater is being captured for use in the County's outdoor landscaping.
- North Carolina Cooperative Extension has numerous programs involving green education. Examples include: conducting workshops on increasing knowledge and awareness of energy conservation and improving environmental stewardship; leading a water conservation program that resulted in a mailer being sent to 18,000 water consumers; and creating a Catawba County Green blog on the Catawba County Government website, which provides tips on home and workplace energy conversation.
- Keep Catawba County Beautiful (KCCB) was established to promote education and responsible behavior regarding littering, recycling, proper solid waste management, and beautification through positive individual and community involvement which will enhance the quality of life for all. KCCB is comprised of local business leaders and members of the community, as well as members of various local governments, to help educate and promote to the citizens of Catawba County the importance of being environmentally conscious.
- The Catawba County Board of Commissioners adopted a Voluntary Agricultural District (VAD) program during the last year fiscal year. The program allows Catawba County to adopt farmland preservation ordinances to establish local VADs; areas where commercial agriculture is encouraged and protected. They provide a series of benefits to farmers willing to restrict non-agricultural development for ten years. County commissioners appoint advisory boards to administer the districts. VADs can provide County officials with feedback on the impact of public policy on the loss of farmland.
- The County Libraries will serve as a community resource center for "green" practices by collecting and promoting information that encourages businesses and households to limit their negative impact on the environment.
- Building Services implemented a new Green Construction Permitting Incentive Plan, providing reduced permit fees of 25% or 50%, for building in accordance with LEED, Energy Star, and/or North Carolina Healthy Built Homes. The incentive based fee structure is intended to promote and increase renewable/sustainable energy technologies and green building certifications for homes and commercial buildings.

HUMAN RESOURCES

This proposed budget includes an increase of three FTEs in public safety, two of which require County funds. These include two Radio telecommunicators in keeping with the Emergency

Services Plan. The remaining position is a road patrol deputy which will be paid by a United States Department of Justice, Justice Assistance Grant (JAG), for one year.

Sixteen positions are not funded in Fiscal Year 2009/10 and one position is abolished:

- 6 Building Inspectors
- 2 Solid Waste positions
- 1 GIS Programmer Analyst
- 1 Deputy Register of Deeds
- 1 Criminal Justice Academy Officer
- 2 School Health Nurses
- 1 Child Service Coordinator Nurse
- 1 Adult Health Charge Nurse
- 1 Nurse Practitioner
- 1 Dental Health Educator - abolished

If service demands increase and funding is available, some unfunded positions could be filled.

The budget does not include a cost of living adjustment or performance pay for County employees. A limited amount of funding continues to be included to address pay inequities to keep us competitive with other jurisdictions through our annual reclassification study. Health insurance costs increased in Fiscal Year 2008/09 primarily due to one time large claims and funding to the self insurance fund was increased as a hedge against similar one time large claims next fiscal year. We have had a positive experience with our Wellness Program in helping to control our costs, and continue to require annual physicals and participation in the County's health screening in order to catch potential problems early, thereby decreasing costs in the long run.

CONCLUSION

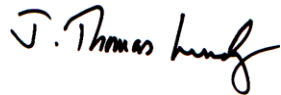
Catawba County continues to be strategic, yet conservative, as it deals with the changing landscape in both the economic base and the growing and diverse population. This is a conservative budget that balances state and local revenue reductions while continuing to meet increasing citizen needs resulting from the current economy. It ensures that critical services continue to be delivered in a timely and effective manner, and keeps the County poised to attract new businesses and jobs. Accordingly, the budget makes modest investments in public safety, education, and economic development while maintaining the current property tax rate of \$0.5350 cents per \$100 of valuation.

The coming year will present continuing challenges for our citizens and County government as the economic recession continues. As we prepare to meet these challenges we will continue to be cautious to ensure the budget remains balanced and revenues are received before funds are spent. Targeted reductions to economically sensitive services where demand has decreased have been made. At the same time, we believe it is important to continue with planned

investments that have low operating impacts. Governments in general, but particularly local governments, walk a thin line in that retrenchment of planned spending can actually worsen the economy rather than helping to stimulate it. The budget invests in public school, community college, public safety, and water and sewer infrastructure to bring construction business to the community and take advantage of low interest rates.

This budget message, as well as the complete budget document, may be accessed on the Internet at www.catawbacountync.gov or any of the public libraries in Catawba County.

Respectfully Submitted,

A handwritten signature in black ink, reading "J. Thomas Lundy". The signature is written in a cursive style with a large, stylized "J" and a long, sweeping underline.

J. Thomas Lundy
County Manager